

**RECEIVER'S REPORT CONCERNING THE HOFFMAN LAW GROUP,
AND REQUEST FOR STAY OF PROCEEDINGS**

On Monday, July 14, 2014, the federal Consumer Financial Protection Bureau ("CFPB") and the State of Florida, Office of the Attorney General ("FLAG") jointly filed a civil lawsuit against, among others, The Hoffman Law Group, P.A. and its principal, attorney Marc H. Hoffman. The lawsuit is pending in the United States District Court for the Southern District of Florida, West Palm Beach Division (the "CFPB/AG Lawsuit"). In the CFPB/AG Lawsuit, CFPB and FLAG alleged that Hoffman Law Group, Hoffman, and others (discussed below) operated an "enterprise" that preyed on vulnerable homeowners by promising that the homeowners could obtain relief in "mass action" lawsuits against their mortgage lenders and servicers. CFPB and FLAG charged that the tactic utilized by Hoffman Law Group, Hoffman and others violated federal and state law.

As part of the CFPB/AG Lawsuit, CFPB and FLAG filed a motion for a temporary restraining order and a preliminary injunction, to enjoin Hoffman Law Group, Hoffman, and others from continuing to engage in the conduct that formed the basis for the lawsuit. On Wednesday, July 16, 2014, District Judge James I. Cohn granted the motion and entered an *Ex Parte Temporary Restraining Order with Asset Freeze, Appointment of Temporary Receiver, and Other Equitable Relief and Order Setting Hearing on Motion for Preliminary Injunction* (the "TRO"). A copy of the TRO can be viewed at www.bernet-receiver.com. The TRO, among other things:

- Enjoins the Defendants in the CFPB/AG Lawsuit, in connection with selling, promoting or operating any mortgage assistance relief product or service, from making false representations concerning the results they would obtain for consumers relating to mortgage loan modifications, the degree of success the defendants have with regard to any mortgage assistance relief service, relationships that the Defendants have with any mortgage lender or servicer, or the amount of time it likely would take the Defendants to obtain a successful result in connection with a mortgage assistance service;
- Enjoins the Defendants in the CFPB/AG Lawsuit from violating 12 CFR Part 1015, pertaining to prohibited representations relating to a mortgage assistance relief service, and pertaining to required disclosures relating to a mortgage assistance relief service, and pertaining to the prohibition of the collection of an advance fee from consumers in connection with a mortgage assistance relief service;
- Enjoins the Defendants in the CFPB/AG Lawsuit from asking for or receiving payment from consumers, in connection with mortgage assistance relief services, before consumers have executed a written agreement between the consumer and the mortgage loan servicer modifying the terms of the mortgage loan; and
- Freezes the assets of the Defendants in the CFPB/AG Lawsuit, and enjoins them from transferring, selling, or otherwise disposing of any of their assets.

In addition, in the TRO Judge Cohn appointed Mark J. Bernet as the Temporary Receiver of The Hoffman Law Group, Nationwide Management Solutions, Legal Intake Solutions, File Intake Solutions, and BM Marketing Group (the "Receivership Defendants").

The TRO directed the Receiver to take control of the Receivership Defendants and their assets. On July 16, 2014, the Receiver took possession of the office premises of the Receivership Defendants, including the offices of The Hoffman Law Group. To preserve the documents and other evidence located in the offices, the Receiver disconnected all internet and telephone access to the office, and changed the locks so that he and his staff are the only persons with access to the facility. The Receiver is in the process of interviewing the employees and taking an inventory of the assets and documents located therein. Consistent with the terms of the TRO, the Receiver has barred Mr. Hoffman, and all of The Hoffman Law Group's employees, from the office. As a result, there is nobody presently in the office available to respond to telephone calls or e-mails, or to represent the clients of Mark Hoffman, including the plaintiffs in this case.

The Receiver is speaking with the Florida Bar, the agency that regulates lawyers in Florida, and is preparing a protocol for communicating with the clients of The Hoffman Law Group.

Judge Cohn scheduled an evidentiary hearing for July 29, 2014, to determine whether the TRO should be extended. The hearing since has been continued to September 24, 2014. The TRO will remain in effect through the conclusion of the preliminary injunction hearing.

The Receiver has set up a website at www.bernet-receiver.com, on which is posted a summary report of the events of the receivership and certain of the pleadings and orders filed in the CFPB/AG Lawsuit, including the TRO. The Receiver is not counsel for any of the clients of Hoffman Law Group, including the plaintiffs in this case; instead, Michael Herskowitz is and remains counsel to all of the plaintiffs herein, and notices should be directed to him.¹ The Receiver notes that under Subsection T in Section XIV of the TRO (located on page 26), he is directed to advise this Court of the pendency of the AG's Lawsuit, and request a stay of these proceedings as may be appropriate. Accordingly, the Receiver requests that the Court stay these proceedings pending developments in the CFPB/AG Lawsuit.

Dated: August 18, 2014

¹ Mr. Herskowitz is not a Defendant in the CFPB/AG Lawsuit at this time.

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